

TOWN OF NEWMARKET, NEW HAMPSHIRE

BUDGET COMMITTEE

May 23, 2016 7:00 PM

TOWN COUNCIL CHAMBERS

MEMBERS PRESENT: Chairman David Foltz, Vice Chairman Daniel V. Smith, William "Blue" Foster, Jeff Raab, Meg Louney-Moore, Dan Hill, School Board Rep Mike Kenison, Town Council Rep Toni Weinstein

EXCUSED: Craig Dionne, Michael "Mickey" Burns, Ashley Bowley

ALSO PRESENT: School Business Administrator Christine Blouin, Town Administrator Steve Fournier

AGENDA

Chairman Dave Foltz welcomed everyone to the Budget Committee Meeting of May 23, 2016 and called the meeting to order at 7:02 pm, followed by the Pledge of Allegiance.

Attendance: Chairman Foltz stated that Craig Dionne, Michael "Mickey" Burns, and Ashley Bowley were excused.

OLD BUSINESS

Approval of the Minutes of March 28, 2016

Ms. Louney-Moore made a motion to approve the minutes of the Budget Committee Meeting of March 28, 2016, which was seconded by Mr. Raab.

Corrections/Changes: Chairman Foltz corrected the date for the next meeting to May 23, 2016 on page 3 of the minutes.

Chairman Foltz polled the Committee and the minutes of the meeting of March 28, 2016 were approved as amended by a vote of 6-0, with 2 abstentions.

NEW BUSINESS

FY2016 BUDGET UPDATES

SCHOOL FY2016 BUDGET REPORT - as of April 30, 2016

School Business Administrator Christine Blouin presented the School FY2016 Budget Report and Account Summary as of April 30, 2016. She said that she would review where they thought their Fund Balance was going to be, go over specifics of the report, and answer questions. She stated that there had been some significant increases in Special Education on page 1 mostly due to tuitioning, the Extended Day School Program, and Charter School Services. She said these expenses were all IEP driven and were required. She said though some students were kept in-house, equipment and transportation services were needed to do that. She pointed out that they would see a trickle-down effect in Special Education Transportation, at about \$178,000 currently. She added that two (2) new students were coming which would require significant challenges in the next budget year. Vice-Chair Smith asked for clarification that Fiscal Activity was what was spend, and Encumbrances were what was expected to be spent by June 30th. School Business Administrator Blouin said that was correct, and also that billing might be behind as they had just finished up February and March and would not have actuals until Mid-July or August. Vice Chair Smith asked what was budgeted for Special Education for next year and School Business Administrator Blouin said they took the number of current students an adjusted for anyone moving out that they knew of, but that they could not project any further as it was a fluid process.

School Business Administrator Blouin said that Contracted Services on page 2 showed an unfavorable variance of approximately \$42,000. She said some of these expenses should be negotiated for architectural fees, the school superintendent search, and a facilities assessment, and that concessions had been made throughout the budget to find means to meet those requirements. She said they were pretty much on target for spending out of School Board and SAU functions. Vice Chair Smith mentioned the big effect on severance, and School Business Administrator Blouin explained that the letter of intent to retire was put in at the beginning of the year but they had the option to rescind by April 15th. She pointed out that the trickle-down effect could be seen again on page 3 under Special Education Transportation and said that Benefits were pretty much on target. She said there were no real changes in Regular Education on page 4 with no staffing changes and no changes in ESOL Services or Extra Curricular. She said that Cocurricular, Athletics, and Summer School on page 5 were pretty much all wrapping up, and there were no big changes to the Homework Club. She stated that the salaries for Nursing and Speech were right on target, but that Staff Course Expenses were up a little with approximately \$4,000 remaining.

School Business Administrator Blouin said she wanted to provide an update on recent School Board meetings, as there were some big changes in security ongoing. She said the School Board had approved the installation of a Security Camera System plus other small security projects, including a check in/check out system for facility entry. She said this would allow them make sure everyone was accounted for in the event of a lockdown or an emergency, and said a beacon would also be installed in the music rooms to alert students that an announcement was coming. She said funding was to come from a number of different accounts which would show in the budget under New Equipment, some this year and some next year. She said that on page 6 under Technology they could see the \$9,500 for New Equipment allocated to security, and said the negative \$15,000 under Building Maintenance was due to issues with the Elementary and Kindergarten bathrooms. Vice-Chair Smith mentioned the cost of oil this year, and School Business Administrator Blouin said they had locked in early for an aggressive rate and had just gone out to bid for next year with the Town. She stated that the bottom line on page 7 showed approximately 3% remaining in the Elementary School Budget, which was right on target.

School Business Administrator Blouin moved on to the Middle School which had some leave-of-absences and showed Long-Term Substitutes being utilized pretty hard this year. She said there were some offsets from Professional Salaries due to the leave-of-absences, and said the clarification between the two would be seen again under the High School. She said there was not too much out of the ordinary on page 8 which

showed Advisors Salaries, ESOL, and Summer School Salaries. Mr. Raab asked why there was such a large amount unexpended under Cocurricular, and School Business Administrator Blouin replied that all stipend salaries might not have been paid out at the time the report was run and some programs were not utilized due to lack of participation. She said that on page 9 the salaries for Nurses and Speech were right on target, and that again New Equipment under Technology showed some of the charges for the security upgrade. Chairman Foltz said he remembered that the total cost for the security was high and School Business Administrator Blouin said it was approximately \$131,000 though it was not yet finalized, as they were trying to work with the Fund Balance number to make sure the predictions for the tax rate did not change, but did have some unanticipated revenues. She said that on page 10 under Building Maintenance heating expenses had gone up about \$3,500 over anticipated, as some alarm systems were added on the boilers and mechanical systems in order to be more proactive in responding to issues. She said Benefits were in line with what was expected.

School Business Administrator Blouin moved on to the High School on page 11 and said that there were again some changes in staffing due to long-term absences which would be offset by Professional Salaries. She said there was some turnover from last year under Professional Salaries and Special Education with the residual effect being shown here. For Vocational she said the small deficit under Career & Technical Tuition was due to additional students attending the Seacoast School of Technology (SST). She said again on page 12 Advisors Salaries might not have all been paid out but that there were encumbrances there. Mr. Raab asked if the Coaches and Officials Salaries under Athletics had not yet been paid out, and School Business Administrator Blouin replied that there were some encumbrances there and that only a few sports were currently playing. She said this indicated that there had been some staffing changes as stipends were only paid if participation was sufficient, and explained that the Officials Salaries was just a pass through to their budget as it was washed out in the end by reimbursements. She stated that Improvement of Instruction on page 13 showed few funds remaining, and reiterated New Equipment again under Technology for the security upgrades.

School Business Administrator Blouin said that on page 14 under Building Maintenance, Building Repair-Special showed an approximate \$85,000 deficit from the Carpenter Property demolition and said they had not yet seen the Impact fees from the Town Council. She explained that it was not a budgeted item and the costs entailed demolition and services for asbestos in the building, including surveying, testing, and removal of the material. She stated that the bottom-line on page 15 showed roughly \$209,500 was anticipated to be left at the end of this Fiscal Year, but that this was the expense side only. She said they currently had approximately another \$100,000 in revenues so that the bottom-line Fund Balance would be roughly \$300,000, with one and one-half months still to go in the School year.

Chairman Foltz said Technology and Security looked to be about \$45,000 and they still needed to come up with more, though they did have the \$150,000 Warrant Article. School Business Administrator Blouin replied that they were trying to bring the Fund Balance up to keep within the anticipated tax rate. Mr. Foster asked for the reasons behind the upgrade in security, and School Business Administrator Blouin said the School Board had seen that some opportunities had presented themselves and that they needed to make sure all students were properly protected. She stated that Homeland Security had come in to the School District, and said they did apply for a Matching Grant but were denied this year as they lacked a certification and would reapply next year. She said they did have a Police Officer at the High School and cameras inside. Mr. Foster asked how much was left in the Special Education Trust Fund, and School Business Administrator Blouin replied approximately \$295,000, though they had not used the fund as of yet and the money would remain as a safety net for next year. She said she had asked that all Coaches

travel expenses get submitted by the end of May as the Property Liability Trust was closing its doors on June 30th.

Chairman Foltz said he wanted to personally thank School Business Administrator Blouin as June 30, 2016 was her last day. He said the transparency in the School Board had gotten better every year and had made it easier for the Budget Committee to understand the School Budget.

TOWN FY2016 EXPENSE REPORT - as of April 30, 2016

Town Administrator Steve Fournier presented the FY2016 Town Operating Budget for the period ending April 30, 2016. He said that with 83% of FY2016 completed, they had expended 77% of their budget and 79% of the General Fund, running 3% below last year at this time. He said he had spoken with the Finance Director and that they would be tight for the end of the year, though they were budgeting as tight as possible. He said they had seen significant differences between this year and last for snow removal, being over-expended last year at this time by 142% with this year at 56%. He said last year salt was 121% and 84% this year for refilling the shed, and that winter snow removal contracts were at 239% last year and only 30% this year. He said that on the revenue side they were on target to meet or exceed their estimates and were more accurately budgeting revenues. He said Motor Vehicle registrations were higher by approximately \$90,000 and Building Permits were slightly higher. He stated that the Recreation Revolving Fund was also doing very well and was currently \$32,261 over last year due to higher than anticipated revenues from programming. He said projects were going well, there were no issues yet with the Waste Water Plant, and they hoped to have the MacIntosh Well online this summer. He said the new well would not solve the Town water issues and they were actually exploring additional wells in the community.

Town Administrator Fournier said that Health Insurance rates would be increasing only 0.4% and they would see a savings of approximately \$30,212, though they anticipated a rate increase from Primex for Property Liability Insurance of 6.9% and Workmans Compensation at 9%, and Workmans Comp had also been under-budgeted. He said the Recreation Director intended to retire at the end of the calendar year. Vice-Chair Smith said setting up the Recreation Revolving account had been a smart thing to do, and Town Administrator Fournier said they had also used some of the funds to replace some park equipment and it would be a major source of funding for other small projects there. He said the Recreation Department was also actively looking for other sources of revenue and monitoring program participation, and said the bulk of the funding would come out during the summer program. He said they had renovated the downstairs bathrooms in the Town Hall and were able to do a most of it in-house for a cost of \$32,000-\$35,000, and said that other projects coming up included the Bennett Way sidewalks.

Town Administrator Fournier said the Finance Director had made it clear that their financial software would not last much longer, and that the company no longer provided tech support. He said the cost would be significant as they would need special Municipal and School software, ideally getting the same software for both. He said they had been looking into costs for leasing software so that upfront costs would not be needed. He stated that other projects included roads and that the list from UNH should be received shortly. He said the Water Main project on Main Street was mostly completed with some electrical work at the Water Tower still to be done. He said he had signed a contract for transportation enhancements for Downtown which would address crosswalk issues, adding visual bump-outs with brick at intersections and crosswalks. He said the entrance into Town at the Library would be narrowed and more signage added for crosswalks, and that the speed limit would be reduced to 25mph.

Discussion: Mr. Raab questioned the Contracted Services line item under the Town Administrator, and Town Administrator Fournier explained that the Council had secured the services of Municipal Resources Inc. (MRI) to conduct an organizational and efficiency study and that was where the money was coming from. Mr. Raab also asked about the significant balance for Roadway Construction, and Town Administrator Fournier said the line would be re-categorized next year as Roadway & Sidewalk Construction. He said the project was planned for the fall but did not pass the Council until the second request and it was then too late to do the project and it would be encumbered so it would be between this year and next, and said they understood that road projects were a priority. Chairman Foltz said the roads would most likely be a bonding issue, and Town Administrator Fournier said they would need to bond for any large road projects and his goal was to start creeping up the road budget portion. Vice-Chair Smith asked if the Debt Service was the whole year's expenditure in one, and Town Administrator Fournier confirmed that and said the bonds were for Conservation and Downtown Improvement. Vice-Chair Smith asked if overtime for Police and Fire had offsets in the Budget, and Town Administrator Fournier explained that the overtime for Police was mostly due to injuries and that Fire was all calls.

Mr. Foster asked about the extra \$12,000 budgeted last year for body cameras for the Police Officers and Town Administrator Fournier confirmed that the funds would go back to the General Fund if not expended. Vice-Chair Smith questioned the over-expenditure under Bus Trips, and Town Administrator Fournier replied that they would be getting revenue on the other side. He said there was a new group of early retirees doing bus trips and golf outings, and the Recreation Department was trying to discover how to bring them in and what programs to offer. Mr. Foster questioned the \$3,100 for Spring Cleanup under Solid Waste, and Town Administrator Fournier said the low cost was a result of not doing a full Spring Cleanup this year as in the past. Mr. Foster asked for an explanation of why the Water Bills had gone back to quarterly billing from monthly. Town Administrator Fournier said the monthly program was working and they were getting better collection but they had switched back due to the number of complaints from residents. He said though the water bills would again be quarterly, the main enforcement action would now be shut-off with a 60-day notification.

Vice Chair Smith asked about the training that might be needed with the change in the accounting software. Town Administrator Fournier said the change would have to be across the board with billing, receivables, and the Clerk's Office so everything would tie together, and said they had held demos of the programs and were trying to make it as user-friendly as possible. Vice Chair Smith asked about the \$43,000 windfall under Miscellaneous Receipts and Town Administrator Fournier said he would need to double-check. Mr. Raab asked about revisiting the forecast from last fall that was built into the budget and asked if it could be a range rather than a worst-case scenario. Town Administrator Fournier said that he and the Finance Director would come up with a new system. Chairman Foltz asked if some of the predictions would be coming to fruition next year and Town Administrator Fournier said they were already seeing it this year as they had a contract out for Storm Water engineering on New Road and a Storm Water Capital Reserve Fund had been approved by the Town Council.

Chairman Foltz said he could see both budgets getting tighter with everything coming onboard and there were some tough decisions to be made this year. Councilor Weinstein said that next Tuesday May 31st there would be a joint meeting between the School Board and the Town Council and that the main topic would be about finding efficiencies between the two entities. Mr. Kenison brought up the new law recently signed into effect that would allow the Town and the School District to combine services. He said the new School Superintendent Meredith Nadeau had direct experience in that area from her former position with sharing a finance office. Town Administrator Fournier said both the Town and the School currently had vacancies in that position and he had already spoken with Ms. Nadeau to discuss sharing

services. Mr. Hill asked the Town Administrator what he felt were some of the biggest opportunities were for sharing services. Town Administrator Fournier said that personally he felt Finance would be first and that second would be Facilities and Buildings & Grounds. He said they already plowed the schools and it would be beneficial to have an individual doing the planning for all of their buildings. He said he felt another area would be Information Technology (IT), as they only had one person who also helped with overseeing dispatch.

Mr. Hill asked if there might be opportunities in areas like Benefits and Human Resources and Town Administrator Fournier replied that they had two different sets of benefits due to contracts and labor negotiations but they all got their insurance from the Health Trust or School Care and all liability from Primex. He said he could see getting a better pool in these areas by combining numbers for a better rate and that management of that also needed to be looked at. Chairman Foltz felt it was encouraging that they were having the dialog now. Town Administrator Fournier said he had asked the Public Works Director to send a list of all services currently being provided to the School, and said he was also involved with the Police Department with regard to Homeland Security. Mr. Kenison said that in terms of sharing ideas and communication, the Facilities Committee would be nominating Town Administrator Fournier to join the committee on Thursday. He said Facilities would hold a joint meeting with the School Board to discuss the location of SAU, and the new superintendent was in favor of moving it to the School which might alleviate some space needs for the Town in the Town Hall. Councilor Weinstein said that even the development of the Joint School Board/Town Council meeting had been a collaborative effort to develop an agenda and that it had been a good process so far.

Select CIP Committee Representatives

Chairman Foltz said that last on the agenda was the selection of the Budget Committee representative to the CIP Committee, and he asked Vice-Chair Smith if he wished to continue in that role as his feedback last year had been extremely detailed.

Ms. Louney-Moore made a motion to nominate Mr. Smith as the Budget Committee representative to the CIP Committee which was seconded by Mr. Hill. All of the Budget Committee members were in agreement.

Mr. Raab volunteered to be the CIP Alternate and he was nominated by Mr. Foster. The nomination was seconded by Mr. Hill and all Budget Committee members were in agreement.

2016 Meeting Schedule

Chairman Foltz announced that no meetings were slated for June or July, and said they would know by August where the budgets landed for the School and the Town. He asked the Committee members in the meantime to pay attention to meetings, especially Facilities meetings, so they did not disconnect as there was a lot going on.

Mr. Kenison said that four (4) Public Input Sessions for Facilities on the specifications for both of the Schools were upcoming. He said he saw the Facilities Project as having two (2) phases, understanding what you need and understanding how to do it, and he encouraged people to come to the meetings. He said over the summer they would be busy with the architect coming up with schematic designs and putting numbers on things, and in the fall there would be another round of public input on schematic design choices. Vice Chair Smith asked if they thought of working backward from various bond deadlines to determine a date by which they would have to have the answer. Mr. Kenison said the architect had come

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up with a schedule which was posted on the Facilities Committee website showing a graph of tasks and timelines. Chairman Foltz said he felt that a bond in February might be too late. Mr. Foster asked Mr. Kenison if the search for Christine Blouin's replacement had started, and he said they could alternatively find an interim person and that it in part depended on the conversation regarding combining Town and School services. Mr. Foster said they were losing a valuable asset as she had learned new software which was extremely different for the whole district. Mr. Kenison said the software was outdated and that Town Administrator Fournier had mentioned combining financial services. He said the right person there would make all the difference and that they had a good working School Board.

Chairman Foltz stated that the next Budget Committee meeting would be held on August 22, 2016.

Adjournment

Mr. Foster made a motion to adjourn the meeting which was seconded by Mr. Hill. The Committee approved the motion unanimously, and the meeting was adjourned at 8:21 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary